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Retiring South Carolina's Public Workforce For Life

MEMORANDUM

DATE: November 18, 2008

TO: Public School Districts and Institutions of Higher Education –
Payroll and Human Resource Departments

FROM: Peggy G. Boykin, CPA
Director, South Carolina Retirement Systems

RE: Furlough Program for Members of SCRS or PORS

The General Appropriations Act for Fiscal Year 2008-2009 authorizes local school districts and institutions of higher education to institute a furlough program. The districts or institutions are responsible for the payment of benefits that require employer and employee contributions if coverage would otherwise be interrupted.

The following policies and procedures have been established for the purpose of reporting retirement contributions for South Carolina Retirement System (SCRS) or Police Officers Retirement System (PORS) members on furlough. For guidance on the treatment of State Optional Retirement Program (State ORP) participants during a furlough, please see the State ORP Participants section of this memorandum.

SCRS or PORS Members

- The employee must be on an approved furlough in accordance with the school district or institution's furlough program.
- Employers should submit a *Supplemental Service Report* (Form 1224) to the Retirement Systems **quarterly** for all employees participating in a furlough program. Contributions must be remitted based on the amount of missing wages, not the full quarterly wage amount, in order to make the employees' accounts whole.
- The employee contribution (6.5 percent for SCRS and PORS), employer contribution (9.24 percent for SCRS and 10.65 percent for PORS), retiree insurance surcharge (3.50 percent effective 7/1/08), group life insurance premium (0.15 percent for SCRS and 0.20 percent for PORS), and accidental death premium (0.20 percent for PORS only) are payable for employees during a furlough period. The contributions are based on the rate of salary immediately prior to a furlough period.
- Retirement contributions are not payable for Teacher and Employee Retention Incentive (TERI) participants or working retirees for a furlough period.

- A TERI retiree participating in a furlough program will not be considered as having a break in service. Participation in the TERI program may continue during a furlough period.
- Coverage under the retirement group life insurance program, accidental death program, and eligibility for survivor and disability benefits continues to be provided to an active member during a furlough leave period.

State ORP Participants

The following policies and procedures have been established for the purpose of reporting retirement contributions for State ORP participants on furlough.

- The employee must be on an approved furlough in accordance with the school district or institution's furlough program.
- Public school districts and institutions of higher education should submit a *Supplemental Service Report* (Form 1224) to the Retirement Systems **quarterly** for all employees participating in a furlough program. Contributions must be remitted based on the amount of missing wages, not the full quarterly wage amount, in order to make the member's account whole.
- The employer contribution (4.24 percent) retained by the Retirement Systems, retiree insurance surcharge (3.50 percent effective 7/1/08), and group life insurance premium (0.15 percent) are payable to the Retirement Systems for employees during a furlough period. The contributions are based on the rate of salary immediately prior to a furlough leave period.
- It is the employer's responsibility to remit the employee contribution (6.5 percent) and applicable employer's contribution (5 percent) directly to the appropriate ORP investment providers.

If you have any questions or need additional information, please contact our Customer Services Call Center toll free at (800) 898-9002, or at (803) 737-6800.